

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 L-03 COME-00 SP-02 USIA-06

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FM AMEMBASSY LAGOS

TO SECSTATE WASHDC PRIORITY 6513

C O N F I D E N T I A L LAGOS 1914

E.O. 11652: GDS

TAGS: EINV, NI

SUBJECT: AMERICAN INSURANCE GROUP (AIG) CASE

REF: (A) STATE 036563, (B) STATE 036847

1. EMBASSY APPRECIATES LATEST REPORTS ON AF/W-AIG MEETING (REF A) AND INFORMAL EXPROPRIATION GROUP DISCUSSION (REF B). OUR COMMENTS ON POINTS RAISED IN BOTH CABLES ARE AS FOLLOWS.

2. WE BELIEVE GARBA'S REFUSAL TO ARRANGE HIGH LEVEL AIG-FMG MEETING REPRESENTS SMC FEELINGS AS WELL AS HIS OWN. TONE AND FINALITY OF GARBA'S REFUSAL SUGGESTS STRONGLY THAT HE WAS SPEAKING NOT ONLY FOR HIMSELF, BUT FOR MAJORITY OF SMC WHO BY NOW MUST HAVE GENERAL FAMILIARITY WITH CASE. SMC MEMBER FINANCE COMMISSIONER OLULEYE FOR EXAMPLE, HAS BEEN CLOSELY INVOLVED IN CASE FOR PAST YEAR.

3. RE APPROACH TO DANUMA WE REITERATE OUR PREVIOUS POSITION, A VIEW REINFORCED BY JOLAOSO'S STATEMENT TO BROWER. RAISING MATTERS WITH HIM WOULD SERVE NO USEFUL PURPOSE AND WOULD POSSIBLY POISON ALTERNATIVE WAYS TO REACH COMPROMISE SOLUTION. EMBASSY AGAIN RECOMMENDS THAT DEPARTMENT NOT BRING MATTER TO DANJUMA'S ATTENTION DURING HIS U.S. VISIT.

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4. WE DO NOT SEE HOW RAISING AIG CASE INFORMALLY WITH NIGERIAN REPRESENTATIVE AT WORLD BANK WOULD OPEN NEW CHANNEL WITH FMG ON CASE. MATTER HAS ALREADY BEEN PRESENTED TO SMC WHICH HAS REJECTED POLICY-LEVEL MEETING BETWEEN COMPANY AND GOVERNMENT. ATTEMPTING END RUN VIA NIGERIA'S WORLD BANK REPRESENTATIVE WOULD ENTAIL SUBSTANTIALLY SAME RISKS AS RAISING ISSUE WITH DANJUMA. LIKELIHOOD OF SUCCESS IS ALSO SMALL.

5. ON MORE POSITIVE NOTE WE BELIEVE FMG WILL AGREE TO DISCUSS AIG CASE DURING FEBRUARY-MARCH BILATERAL TALKS. WE CONSIDER THIS TO BE BEST ALTERNATIVE PATH TO COMPROMISE SOLUTION. ALTHOUGH PROBLEM WAS OUTLINED DURING NOVEMBER SESSION, BELIEVE NEXT ROUND SHOULD BE MORE THAN RECITAL OF HISTORY OF CASE AND GENERAL GOVERNMENT POLICIES. EMBASSY SUGGESTS U.S. SIDE PROMOTE AIG'S COMPROMISE OFFER, NOTING THAT COMPANY WAS NOT GIVEN CHANCE TO PRESENT OFFER IN JANUARY MEETING, BUT THAT COMPANY STILL WILLING TO ENTER INTO MEANINGFUL NEGOTIATIONS. SUBJECT SHOULD BE COVERED IN FRAMEWORK OF TRADE, INVESTMENT TECHNOLOGY TRANSFER WORKING GROUP AND SHOULD BE HIGHLIGHTED AS A LEADING DISINCENTIVE TO AMERICAN INVESTMENT.

6. IN ADDITION WE FEEL THAT PROPOSED PRIVATE LETTER FROM CHASE MANHATTEN CHAIRMAN ROCKEFELLER TO OBASANJO REPRESENTS NEW AVENUE TO DISCUSS AIG PROBLEM. COMING FROM PRIVATE BUSINESS LEADER, IT DOES NOT CONVEY THE IMPRESSION OF U.S. GOVERNMENT DELIBERATELY FLAUNTING GUIDANCE OF FMG FOREIGN MINISTER. LETTER WOULD GRAPHICALLY DEMONSTRATE POWERFUL PRIVATE SECTOR INTEREST IN FAIR OUTCOME OF AIG CASE AND MAY ENCOURAGE FMG TO TAKE MORE FLEXIBLE STANCE IN NEGOTIATIONS WITH COMPANY. SUGGEST DEPARTMENT ENDORSE THIS APPROACH.
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